

# Pocket money

Whether to give pocket money, at what age and how much to give are things that many parents consider. There are many ways to handle this. To a large extent it depends on your family values, practices and finances. There are some general points that you may like to consider in making your decisions.

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### Giving pocket money

- The main reason for giving pocket money is to help children learn to manage money while they are young and you can still guide them. It is a valuable way to teach responsibility.
- Pocket money can help children feel that they are important members of the family because they are given part of the family's spending money.
- It helps children to make choices. They learn that sometimes people have to wait and save up to get what they really want.
- If you don't have much money to spare, even a very small amount can give a child the feeling of some independence. Not giving pocket money and explaining your reasons also helps children learn about money.
- In some families children are given what they ask for and do not get pocket money. If this works well for your family there is no need to give pocket money. However some parents feel their children haven't really learnt about money and how to manage it with this method.
- Some parents put part of children's pocket money in a bank account for them. Check that the bank does not charge any fees on this amount. Some parents give pocket money and ask the child to bank some regularly.

## At what age?

- The age to start giving pocket money depends on your child and you.
- Consider how well your child understands the purpose of money and that when it is spent, it is gone. Their understanding of the value of money and things like planning and saving will develop over time.
- You could check what their friends' parents are doing but in the end it is important to do what works for you and your family.

## Should it be earned?

- Many parents believe that a certain amount of pocket money should be given to the child just because they are a member of the family and not as payment for jobs.
- At the same time, children are expected to do some chores as part of their contribution to the family.
- These two things are both important but are separate parts of belonging to the family.
- You may decide to give a certain amount of pocket money and let your child earn more by doing special chores, such as washing the car.

Children develop their attitudes towards money from how they see their family using it.

## How much pocket money?

How much pocket money to give will depend on:

- what you can afford
- what the pocket money is expected to cover
- the 'going rate' among other families similar to yours. If your child has a lot less than others they may feel hard done by. If they have a lot more it can cause resentment amongst their friends. However at some stage, children need to learn that all families have different amounts of money and there will



## What should pocket money cover?

always be people who have more money than them and others who have less. It helps children to hear that lots of money does not always mean lots of happiness.

The amount of pocket money a child gets usually increases as the child gets older and takes more responsibility.

- Work out with your child what the pocket money will cover and what it will not. Talk it through and make sure your child understands. You could help them put money into envelopes or jars for the different purposes.
- Allow your child to make some mistakes and to learn from them. Try not to 'top up' their pocket money, give it 'in advance' or lend money that they may not be able to repay. They miss out on the opportunity to learn to manage their money and live within their means.
- In the primary school years you may decide that pocket money could cover some saving, some school lunches and some for your child to decide what they want to use it for. Be careful not to criticise their choices if you are not happy with them. Giving choice and then telling your child what to do does not develop their sense of responsibility or independence.

If you are giving pocket money it is important to be consistent and reliable about 'pay days'.



## Pocket money and punishment

Stopping pocket money often seems an easy answer if your child has done something wrong.

Sometimes this is OK. For example, if they have broken something it may be important to give part of their pocket money each week to pay for it, if this seems fair.

However, taking away all of your child's pocket money, especially over a period of time, can cause resentment towards you and difficulty with friends.

## Pocket money and teenagers

Teenagers are moving towards independence and having pocket money will help them practice managing money while they still have you to guide them.

Depending on your teen's maturity you might decide to give them an allowance to cover entertainment, travel and perhaps clothes. While you may want to say that family money is not to be spent on certain things, e.g. cigarettes, teenagers need to have some control over their money to learn valuable money skills.

If they make a poor decision it is a good way for them to learn. The first time they make choices that see them run out of money you may come to an agreement to help. Let them know that in future they must take the consequences.

Avoid always lending money and having your child owe money that

may never be paid. This can reduce the opportunity for them to learn to manage their money. Debts can also cause resentments and conflicts. It might be easier to say 'No' in the first place.

Older teenagers often earn money from part time work. How they use this money varies from family to family. In some families teenagers contribute something towards the family or their own expenses. They may pay some money towards board.

Give praise and maybe a bonus when your child manages their money well.

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